

(p) *Additional information required by RUS.* The applicant must provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application. RUS may request modifications or changes, including changes in the amount of financial assistance requested, in any proposal described in an application submitted under this subpart.

[64 FR 14360, Mar. 25, 1999, as amended at 64 FR 25423, May 12, 1999; 67 FR 3040, Mar. 11, 2002]

**§ 1703.126 Criteria for scoring grant applications.**

(a) *Criteria.* The criteria in this section will be used by RUS to score applications that have been determined to be in compliance with the requirements of this subpart. Applications for grants must meet the rurality requirements in paragraph (b)(2)(iv) of this section and address each of the following scoring criteria:

- (1) The need for services and benefits derived from services (up to 55 points);
- (2) The comparative rurality of the project service area (up to 45 points);
- (3) The economic need of the applicant's service area as estimated by the NSLP or other supplemental objective criteria (up to 35 points);
- (4) The ability of the applicant to leverage resources (up to 35 points);
- (5) Innovativeness of the project (up to 15 points);
- (6) The cost effectiveness of the system (up to 35 points);
- (7) Project participation in EZ/ECs (Empowerment Zone and Enterprise Communities) and Champion Communities (up to 15 points).

(b) *Scoring criteria:*

(1) *The need for services and benefits derived from services—Up to 55 Points.* (i) This criterion will be used by RUS to score applications based on the documentation in support of the need for services, benefits derived from the services proposed by the project, and local community involvement in planning, implementing, and financial assistance of the project. Applicants may receive up to 45 points for documenting the need for services and benefits derived from service as explained in this section. Applicants with an average

NSLP percentage less than 50 percent as determined in paragraph (b)(3) of this section may receive up to an additional 10 points based on information submitted that evidences the economic need of the project's service area. This determination will be made by RUS based on information submitted by the applicant under paragraph (b)(1) of this section.

(ii) RUS will consider the extent of the applicant's documentation explaining the economic, education, or health care challenges facing the community; the applicant's proposed plan to address these challenges; how the grant can help; and why the applicant cannot complete the project without a grant. RUS will also consider the extent to which the applicant provides evidence that economic, education, or health care challenges could not be addressed without employing advanced technology. The Administrator will also consider any support by recognized experts in the related educational or health care field, any documentation substantiating the educational or health care underserved nature of the applicant's proposed service area, and any justification for specific educational or medical services which are needed and will provide direct benefits to rural residents.

(A) Some examples of benefits to be provided by the project include, but are not limited to:

- (1) Improved educational opportunities for a specified number of students;
- (2) Travel time and money saved by telemedicine diagnoses;
- (3) Number of doctors retained in rural areas;
- (4) Number of additional students electing to attend higher education institutions;
- (5) Lives saved due to prompt medical diagnoses and treatment;
- (6) New education courses offered, including college level courses;
- (7) Expanded use of educational facilities such as night training;
- (8) Number of patients receiving telemedicine diagnoses;
- (9) Provision of training, information resources, library assets, adult education, lifetime learning, community use of technology, jobs, connection to region, nation, and world.

(B) Other matters that will be considered by RUS under this criterion include:

(1) That rural residents, and other beneficiaries, desire the educational or medical services to be provided by the project. A strong indication of need is the willingness of local end users or institutions, to the extent possible, to contribute to the capital costs of establishing the project. This could include letters of financial commitment toward the project from local institutions.

(2) The extent of the project's planning, development, and support by local residents and institutions. This may include evidence of community involvement, as exemplified in community meetings, public forums, and surveys. In addition, applicants should provide evidence of local residents' participation in the project planning and development.

(3) The extent to which the application addresses the problems of population out-migration and how the project seeks to slow, halt, or prevent population loss.

(4) The extent to which the application is consistent with the State strategic plan prepared by the Rural Development State Director of the United States Department of Agriculture.

(2) *The comparative rurality of the project service area—Up to 45 Points.* This criterion will be used to evaluate the relative rurality of service areas for various projects. Under this system, the end user sites and hubs (as defined in §1703.102) contained within the project service area are identified and given a score according to the population of the area where the end user sites are located.

(i) The following definitions are used in the evaluation of rurality:

(A) Exceptionally Rural Area means any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants.

(B) Rural Area means any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 5,000 and not in excess of 10,000 inhabitants.

(C) Mid-Rural Area means any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 10,000 and not in excess of 20,000 inhabitants.

(D) Urban Area means any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 20,000 inhabitants.

(ii) There are a total of 45 possible points for this criterion. Each end user site will receive points based on its location in accordance with paragraph (b)(2)(i) of this section. If a hub is utilized as an end user site, the hub will be considered as an end user site. The applicant will receive points as follows:

(A) If the end user site is located in an Exceptionally Rural Area, it will receive 45 points.

(B) If the end user site is located in a Rural Area, it will receive 30 points.

(C) If the end user site is located in a Mid-Rural Area, it will receive 15 points.

(D) If the end user site is located in an Urban Area, it will receive 0 points.

(iii) The total score for this criterion will be based on the average score for all the end user sites included in the project.

(iv) An application must receive a minimum of 20 points as an average score for all the end user sites under this criterion to be eligible for a grant.

(3) *The economic need of the applicant's service area as estimated by NSLP—Up to 35 points.* This criterion will be used to evaluate the relative financial need of the applicant, community, and project. All applicants are required to provide the applicable percentage of students eligible to participate in the NSLP for each area to be served by the end user site. The appropriate State or local organization administering the program must certify the percentages as being correct. The applicant must provide RUS with a listing of the location of each end user site (city, town, village, borough or rural area plus the State) discussing how the appropriate NSLP percentage was determined in accordance with this section. These percentages may be obtained from the State or local organization that administers the

program and must be certified by that organization as being correct. For purposes of this subpart, the NSLP percentage will reflect the percentage of eligibility rather than the percentage of actual participation.

(i) The following guidelines will be used to determine the applicable NSLP percent for a particular application:

(A) Public schools or non-profit private schools of high school grade or under will use the actual eligibility percentage for that particular school.

(B) Schools and institutions of higher learning ineligible to participate in the NSLP and non-school end user sites (medical facilities, libraries, etc.) will use the eligibility percentage of all students in the school district where the end user will be located.

(C) Percentage ratios will be rounded up to the next highest or rounded down to the next lowest whole number for fraction of percentages at or greater than .5 or less than .5, respectively.

(D) The project NSLP percentage will be determined by the average of the NSLP percentages of the end user sites. If end user sites fall within different percentile categories, the eligibility percentages associated with each end user site will be averaged to determine the percentile category. For purposes of averaging, if a hub is also utilized as an end user site, the hub will be considered as an end user site.

(ii) The applicant will receive points as follows:

(A) NSLP percentage greater than or equal to 75 percent—35 points

(B) NSLP percentage greater than or equal to 50 percent but less than 75 percent—25 points

(C) NSLP percentage greater than or equal to 25 percent but less than 50 percent—15 points

(D) NSLP percentage less than 25 percent—0 points

(4) The ability of the applicant to leverage financial resources—Up to 35 points. This criterion will be used to evaluate the ability of the applicant to provide a matching contribution for the project using other non-Federal financial assistance. Documentation submitted in support of the application should reflect any additional financial support for the project from non-Federal sources above the applicant's min-

imum matching contribution of 15 percent as required by § 1703.122. The applicant must include evidence, from authorized representatives of the sources, of a commitment that the funds are available and will be used for the project. The applicant will receive points as follows:

(i) Matching contribution for approved purposes greater than 15 percent, but less than or equal to 30 percent of the grant requested—0 points.

(ii) Matching contribution for approved purposes greater than 30 percent, but less than or equal to 50 percent of the grant requested—15 points.

(iii) Matching contribution for approved purposes greater than 50 percent, but less than or equal to 75 percent of the grant requested—25 points.

(iv) Matching contribution for approved purposes greater than 75 percent, but less than or equal to 100 percent of the grant requested—30 points.

(v) Matching contribution for a grant for approved purposes greater than 100 percent of the grant requested—35 points.

(5) *Innovativeness of the project—Up to 15 points.* This criterion will be used to evaluate the innovativeness of application based on documentation that shows how the project utilizes advanced telecommunications in a unique way to address the needs of the community. Innovativeness should be addressed in the context of how the project will deliver distance learning or telemedicine services more effectively or at a lower cost. The following issues may be addressed to show how the project differs from a typical distance learning and telemedicine network as follows:

(i) The extent to which the project differs from a technical standpoint;

(ii) The extent to which the project differs from an educational or medical programmatic standpoint;

(iii) The extent to which the project reflects a unique adaptation of technology based on the special needs or circumstances of the proposed area to be served by the project; and

(iv) The potential of the project to influence or lead changes in how telecommunications services can be delivered in other areas.

(6) *The cost-effectiveness of the project—Up to 35 points.* This criterion will be used to evaluate the cost effectiveness of the application based on the extent that cost-efficiency is considered in delivering the services in the project. The following issues should be addressed under this criterion:

(i) The extent to which the applicant has considered various technological options for delivering the services. The applicant must provide sufficient documentation reflecting accepted analytical and financial methodologies to substantiate its choice of technology as the most cost-effective option. RUS will consider the applicant's documentation and analysis comparing various systems and technologies.

(ii) Whether buying or leasing specific equipment is more cost effective.

(iii) The extent to which the project will utilize other existing networks at the regional, statewide, national or international levels. To the extent possible, educational and health care networks should be designed to utilize the widest practicable number of other networks that expand the capabilities of the project, thereby affording rural residents opportunities that may not be available at the local level. The ability to connect to the Internet alone cannot be used as the sole basis to fulfill this criteria.

(iv) The extent to which the facilities being constructed with financial assistance, particularly financial assistance under this chapter provided to entities other than the applicant, will be utilized to extend or enhance the benefits of the project.

(v) The extent to which the project utilizes existing telecommunications transmission facilities that could provide the transmission path for the needed services. For projects that do not utilize existing transmission facilities, RUS will consider documentation explaining the necessity of this option. RUS will also consider any agreements between the applicant and other entities for sharing transmission facilities to lower the fixed costs of such facilities.

(7) *Project participation in EZ/ECs and champion communities—(Up to 15 Points).* This criterion will be used by RUS to score applications based on the number

of end user sites within an EZ/EC and Champion Community. Ten (10) points will be assigned if at least one end user site is located in an EZ/EC. Five (5) points will be assigned if at least one end user site is located in a Champion Community.

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#### § 1703.127 Application selection provisions.

(a) Applications will be selected for approval based on scores assigned, availability of funds, and the provisions of this section. RUS will make determinations regarding the reasonableness of all numbers; dollar levels; rates; the nature and design of the project; costs; location; and other characteristics of the application and the project to determine the number of points assigned to a grant application for all selection criteria.

(b) Regardless of the number of points an application receives in accordance with §1703.126, the Administrator may, based on a review of the applications in accordance with the requirements of this subpart:

(1) Limit the number of applications selected for projects located in any one State during a fiscal year;

(2) Limit the number of selected applications for a particular project;

(3) Select an application receiving fewer points than another higher scoring application if there are insufficient funds during a particular funding period to select the higher scoring application. In this case, however, the Administrator will provide the applicant of the higher scoring application the opportunity to reduce the amount of its grant request to the amount of funds available. If the applicant agrees to lower its grant request, it must certify that the purposes of the project can be met, and the Administrator must determine the project is financially feasible at the lower amount in accordance with §1703.125(e)(1). An applicant or multiple applicants affected under this paragraph will have the opportunity to be considered for loan financing in accordance with subparts F and G of this part.